



United States
Department of
Agriculture

Food and
Consumer
Service

Mountain
Plains
Region

1244 Speer Boulevard
Denver, CO
80204-2581

Reply to
Attn of:

CACFP-638

MAR -2 2001

Subject:

Eligibility of For-Profits in CACFP - Questions and Answers, Edition 1

To:

STATE AGENCY DIRECTORS -
(Child Nutrition Programs)

Colorado DPHE, Iowa, Kansas,
Missouri DH, Montana DPHSS,
Nebraska ED, North Dakota,
South Dakota, Utah and
Wyoming

On January 19, 2001, a memorandum was issued implementing the new provision in the Consolidated Appropriation Act, 2001, enacted December 21, 2000. This provision permits for-profit child care centers in all States to participate in the CACFP, if 25 percent of their participants are eligible for free and reduced priced meals. We sent this information to States under CACFP-637, dated January 30, 2001. After the memorandum was issued, several questions were received. In an effort to respond to those questions and any subsequent questions, Headquarters is providing the first set of questions and answers, which are attached.

The new provision became an entitlement effective December 21, 2000 and remains effective through September 30, 2001. If you have not done so already, you need to move quickly to provide all eligible for-profit institutions notice of this entitlement and work closely with those institutions to make application, approval, training and the reimbursement process run smoothly.

If you have any questions, please contact our office at (303) 844-0359.

MARY C. NIELSEN
Acting Regional Director
Child Nutrition Programs

Attachment

**Limited Eligibility of For-Profit Institutions
in the Child and Adult Care Food Program
Questions and Answers, Edition 1**

Q-1 Can a for-profit center switch eligibility criteria for meeting the 25% Title XX enrollment or licensed capacity in one month, to meeting the 25% free and reduced price in another month? ✓

Yes. As long as the center can document each month that they meet either the 25% Title XX enrollment or licensed capacity **OR** 25% free and reduced price. Centers cannot combine the two eligibility criteria to reach the 25% threshold. States must not hold a center to one method or the other. The choice would depend on what method is most advantageous for the center.

Q-2 To initially approve a for-profit center under the new provision, will a State need to review completed free and reduced price applications to ensure that 25% enrolled children are eligible, or is a certification by the center sufficient? ✓

A certification by the center is adequate; however, it might be wise for the State to review the completed applications. This could be accomplished during the pre-approval visit providing States with the opportunity to discuss Program requirements and to train center staff on critical Program operations.

Q-3 Are States to include for-profit centers in their pre-approval visit schedule? ✓

Yes. States must include for-profit centers in the pre-approval visit schedule. The Richard B. Russell National School Lunch Act, section 17(d)(1)(B), *Approval of Private Institutions* stipulates that "...the State agency conducts a satisfactory visit to the institutions before approving the participation of the institution...." This includes for-profit institutions.

Q-4 Can the free and reduced price income applications be approved retroactively, so that eligible for-profit centers can claim meals back to December 21, 2000? ✓

Yes. The new provision allows centers to claim meals served retroactively back to December 21, 2000. For-profit centers not participating in CACFP would not have taken free and reduced price application from households prior to the law being passed. To establish the center's eligibility and the free/reduced price/paid status of each child, newly participating for-profit centers will need to use the information on applications collected now for the prior months' claims.

Q-5 Should households completing free and reduced price applications that will be used for retroactive reimbursement report current income or their income as of December 2000? ✓

Households should furnish their current income information.

Q-6 Should the effective date of the contract/agreement between the State and the new institution be retroactive to December 21, 1999, or be dated with the date the institution's application is approved?

The date on the agreement between the State and the new institution should be the date the institution's application is approved. The agreement may stipulate that retroactive reimbursement is being provided for documented eligible meals served prior to the agreement.

Q-7 Can a for-profit center that does not qualify for CACFP based on Title XX or 25% free and reduced price applications in its traditional child care component take applications from its at-risk snack participants and combine the two components to meet the 25% threshold? ✓

No. In determining a for-profit center's eligibility for at-risk snack reimbursement, only the enrollment or licensed capacity of the traditional child care component of the center should be considered in calculating whether the center meets the 25% criterion. In addition, please note that there would be no free and reduced price applications in the CACFP at-risk component because eligibility is based on area data. For further explanation, refer to CACFP-597, dated December 13, 1999, regarding eligibility of at-risk afterschool snack participation.

Q-8 Per the CACFP regulations in 226.2 (Definitions), for-profit centers are required to meet the 25% threshold during the calendar month preceding initial application or annual reapplication for Program participation. Must for-profit centers that wish to claim reimbursement retroactive to December 21, 2000, meet the 25% threshold in November 2000? ✓

No. For purposes of retroactive reimbursement under the new provision, centers will only provide documentation that they met the 25% threshold beginning December 21, 2000.